



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

May 21, 1998

PRI-98-034

To All Interested Parties:

Amendment 03 (enclosed) to the Prime Systems Integration Services Contractor (PRIME) Request for Proposal (RFP) has been issued. This Amendment is issued to revise RFP Volume I Section VIII, Software Acquisition Capability Maturity Model (SA-CMM) and, RFP Volume I, Section IX, Terms and Conditions.

1. RFP Volume I, Section VIII, is amended to:
 - a. Add the following Key Process Areas (KPA's):
 - Contract tracking and Oversight;
 - Solicitation;
 - Acquisition Risk Management; and
 - Contract Performance Management.
 - b. Delete the following Key Process Areas (KPA's):
 - Development of Statements of Work
 - c. Revise the following terminology:
 - "Evaluation of Products and Services" is changed to "Evaluation";
 - "Transition of Products to Software Support Organization" is changed to "Transition to Support";
 - "Software Acquisition Planning and Budget Schedule Estimation" is changed to "Software Acquisition Planning"; and
 - "Training" is changed to "Training Program".
 - d. Change the IRS verification of "Initial" PRIME validation from "...within five days of receipt..." to "...within five working days of receipt..."

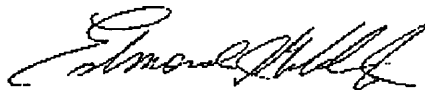
RFP Volume I, Section VIII, pages VIII-10 through VIII-13 are replaced in their entirety by the attached pages VIII-10 through VIII-13. Note: *the only pages where text changed are pages VIII-10, VIII-11 and VIII-13. All other pages are being replaced due to the rollover of text.*

2. RFP Volume I, Section IX, paragraph D.1(M) Terms and Conditions is amended to include the term "additions".

RFP Volume I, Section IX, page IX-8 is replaced in its entirety by the attached page IX-8.

Please direct any questions related to Amendment 03 and the RFP numbered TIRNO-98-R-00001 to: Angelika Sweitzer at (202) 283-1206 or me at (202) 283-1205 or our email address at [*prime@ccmail.irs.gov](mailto:prime@ccmail.irs.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Edmond J. Golden, Jr.", with a stylized, cursive script.

Edmond J. Golden, Jr.
Contracting Officer

Enclosure

g PRIME Validation of Subcontractor Capabilities

The PRIME must provide an independent validation that ensures each subcontractor performs at a CMM Level 3 capability as a condition of the subcontractor's participation with Modernization.

- If the subcontractor will be using the PRIME's tools and processes, the PRIME must have an independent Level 3 SCE performed that demonstrates subcontractor participation on projects evaluated during the SCE.
- If the subcontractor will be using their own tools and processes, the subcontractor organization must have an independently performed Level 3 SCE that is validated by the PRIME.

A.2.2 Software Acquisition Capability Maturity Model (SA)

The offeror is required to be compliant with the Software Acquisition Capability Maturity Model (SA) standards which govern both program management and contract management.

The IRS requires that the offeror provide a Software Capability Evaluation (SCE) for Software Acquisition (SA) that assures, in conjunction with a risk mitigation plan (as appropriate), that the offeror would achieve relevant CMM Level 3 capabilities for SA prior to commencing Modernization.

The Key Process Areas (KPAs) governed by these standards are as follows:

- g** Transition to Support;
- g** Evaluation;
- g** Project Management;
- g** Contract Tracking and Oversight;
- g** Requirements Development and Management;
- g** Solicitation;
- g** Software Acquisition Planning;
- g** Training Program;
- g** Acquisition Risk Management;

- g Contract Performance Management;
- g Project Performance Management; and
- g Process Definition and Maintenance.

The guidelines for compliance are as follows:

A.2.2.1 Requirements

- g PRIME
 - The PRIME contractor will perform at CMM level 3 for Software Acquisition Capability Maturity Model (SA-CMM).
- g Managing Subcontractors
 - To the extent the PRIME employs subcontractors, which, in turn, manage other subcontractors, the PRIME is responsible for ensuring that the “managing subcontractors” perform at the CMM Level 3 capability.

A.2.2.2 Validation

- g PRIME
 - At Proposal submission, offerors must submit an independently performed Software Capability Evaluation (SCE) demonstrating, at a minimum, substantial compliance with the relevant SA-CMM Level 3 Key Process Areas.

“Substantial Compliance” is a measure that would be used by the IRS in evaluating the SCE and risk mitigation plan (if appropriate) to assess the offerors capability to attain relevant SA CMM Level 3 compliance as required for specific Modernization task orders.
 - An offeror which is not fully compliant must submit, with its Proposal, a risk mitigation plan.
 - If the IRS concludes that the risk mitigation plan would result in SA-CMM Level 3 capability on or before the anticipated commencement of Modernization, the offeror will receive a conditional approval for purposes of completing the evaluation of proposals.
 - **Prior to commencing the Modernization, however, the PRIME must possess SA-CMM Level 3 capabilities. To**

ensure compliance, the IRS at its discretion, may require the PRIME to obtain an independent SCE.

g Managing Subcontractors

- The managing subcontractor must have an independently performed Level 3 SCE that is validated by the PRIME prior to the managing subcontractor's participation in Modernization.

A.2.2.3 Initial PRIME Validation Process

g PRIME Validation

- The PRIME contractor must submit final findings SCE report(s) for itself and, as applicable, for its managing subcontractors.
- Evaluations must be performed by qualified, independent and experienced evaluators.

Given the limited number of SA-CMM experienced evaluators, the evaluation team(s) may be comprised primarily of SW-CMM qualified, independent and experienced evaluators, provided that each team includes at least one SA-CMM qualified, independent and experienced evaluator.

- The evaluation process must comply with the Software Engineering Institute (SEI) SCE methodology version 3.0.
- An organizational chart must be submitted detailing size and structure of the organization as well as the size and location of SCE projects within that organization.
- An onsite interview schedule detailing names, roles and organizational affiliations of individuals interviewed must be submitted.
- Names, and titles of responsible managers, address, phone number, organizational affiliation and credentials of the external evaluation team must be submitted.
- If the SCE report for the SA-CMM does not show complete compliance with Level 3, the PRIME must submit with its proposal a risk mitigation plan.

- The plan must provide for the ability to achieve Level 3 on or before commencement of Modernization.
- The plan must demonstrate use of resources consistent with the risk mitigation objectives.
- The plan must identify milestones that will be used to measure and verify progress.

g IRS Verification of “Initial” PRIME Validation

- IRS will verify the SCE data within five working days of receipt.
- A letter will be sent to the PRIME contractor regarding verification results, including deficiencies, if any.
- Updated SCE data may be submitted by the PRIME to address deficiencies.

A.2.2.4 Periodic PRIME Validation and IRS Verification

g PRIME Validation

- After Level 3 compliance has been verified, at 18 month intervals or at the discretion of the IRS, the PRIME contractor must submit one or more final findings SCE reports for itself and, as applicable, for its managing subcontractors.
- The evaluation results must clearly demonstrate that all IRS software acquisition tasking for Modernization is being monitored and is being performed at a CMM Level 3.

g IRS Verification

- IRS will verify the SCE data.
- A letter will be sent to the PRIME contractor regarding verification results, including deficiencies, if any.
- Updated SCE data must be submitted by the PRIME to address deficiencies.
 - Deficiencies must be addressed within six months of notification from the IRS.
 - Persistent deficiencies in SCE data may impact future tasking or contractor payments.
- At its discretion, the IRS may require one or more SCE's.

- g **In the event that the IRS were to conclude that the PRIME failed to perform adequately**, without further competition, the IRS could negotiate one or more task orders with one or more of the PRIME' s principal partners to assume responsibility for one or more of the major functions heretofore performed by the PRIME (e.g., program management, procurement administration).
- g **In the event the IRS would elect to discontinue its contract relationship with the PRIME**, the IRS may:
 - Without further competition, negotiate a PRIME contract with one of the incumbent PRIME' s principal partners; or
 - Undertake a competitive acquisition of a PRIME contractor.

D.1(M) Terms and Conditions

The offeror must identify any additions, exceptions, deviations, alternatives or qualifications to the terms and conditions set forth herein and in RFP Section XII, "Contract Administration."

D.2(M) Proprietary Products

The offeror must propose to:

- g Make available and support the proprietary products (e.g., automated tools) for the duration of the offeror' s engagement in the Modernization;
- g Transfer to the IRS rights to utilize the proprietary products in perpetuity, at the discretion of the IRS; and
- g Agree to support the Service' s use of the proprietary products (e.g., make available to the IRS subsequent releases on a timely basis) at the discretion of the IRS.

E. Business Proposal for the Program Management Approach (BPPM)

E.1(M) Business Proposal for the Program Management Approach

The offeror must submit a Business Proposal to develop and prepare for deployment of the Program Management Approach including the following elements:

- g **Systems Development and Operation Management (SDOM); and**
- g **Integration and Preparedness for Deployment of the SDOM with the IRS/ISC developed Requirements Management and Investment Decision Management Elements.**